COMPLETE STATEMENT

OF

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U.S. ARMY CORPS OF ENGINEERS, DIRECTOR OF CIVIL WORKS

BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

ON

UPPER MISSISSIPPI RIVER ILLINOIS WATERWAY NAVIGATION FEASIBILITY STUDY

Introduction

Mr. Chairman, Committee members, and distinguished guests, I am pleased to testify before you on the U.S. Army Corps of Engineers (Corps) Upper Mississippi River Illinois Waterway (UMR-IWW) Navigation Feasibility Study.

In the Water Resources Development Act of 1986, Congress recognized the Upper Mississippi River System as a nationally significant ecosystem and a nationally significant commercial navigation system. The navigation system within the study area carries over 100 million tons of commodities including about 60 percent of the corn exports of the United States and about 45 percent of the soybean exports. The system contains almost 285,000 acres of National Wildlife and Fish Refuge and provides food and habitat for at least 485 species of birds, mammals, amphibians, reptiles and fish including 10 Federal endangered or threatened species and 100 state listed species. The study's over-arching goal has been to assure the long-term sustainability of the economic uses and ecological integrity of the Upper Mississippi River System.

My comments will focus on the characteristics of the process, status of the feasibility study and a draft plan that the Corps of Engineers has identified in its draft Integrated

Feasibility Report and Programmatic Environmental Impact Statement dated 29 April 2004.

Process

The UMR-IWW navigation feasibility study has been an extended and challenging effort reflecting the size of the study area and the complexity of the issues being addressed. The study area includes approximately 1,200 miles of navigable waterway within portions of the states of Illinois, Iowa, Minnesota, Missouri, and Wisconsin. Among the complex issues the study faced were the uncertainties making future projections of river traffic, the difficulty of modeling demand for water transportation in grain and other commodity markets, the challenges of restoring a large river ecosystem while maintaining the navigation system and the need to respond to the concerns of other Federal agencies, the five states, and numerous environmental and economic interest groups.

The Corps has taken steps to ensure that the study is being conducted with openness and collaboration, and has also provided for an independent review of the Corps proposal and final report.

Collaboration and Partnership

An extraordinary level of openness and collaboration has marked the UMR-IWW navigation study. During the course of the study there have been 7 different rounds of public meetings. This totals 54 separate meetings attended by over 5,000 people including a round of 8 public meetings that were concluded this month to provide an opportunity for public comment on the draft feasibility report and EIS. Twenty-four study newsletters have been published with a distribution of nearly 10,000. Study efforts have involved much more than coordination and information exchange. Regional teams of Federal and state agencies and non-governmental organizations were established to comment on economic and environmental studies and evaluations. These teams have had more than 70 meetings. A Governors' Liaison Committee has provided state input and guidance and a regional group of Federal agencies has provided the perspective of the Federal study partners. At the Washington level, a Federal Principals Group consisting of representatives of the Corps; U.S. Department of Agriculture, Agriculture Marketing Service; U.S. Fish and Wildlife Service; U.S. Department of Transportation, Maritime Administration; and U.S. Environmental Protection Agency has advised the Corps and provided for additional interagency coordination.

vigation and Environmental Objectives

The feasibility study was restructured in 2001 to address not only the navigation efficiency of the UMR-IWW but also to address the ongoing cumulative effects of navigation and the ecosystem restoration needs of the system. The study goal is to develop a navigation and aquatic ecosystem restoration plan that will assure an economically efficient and environmentally sustainable navigation system. Objectives

have been identified for both economic efficiency and aquatic ecosystem restoration and alternative plans formulated to address both sets of objectives.

Recognition of Uncertainty

There is great uncertainty in projecting future economic conditions. Our economic evaluation procedures generally require that major investments be evaluated over a 50-year period. The Corps recognizes that accurate projections of river traffic over an even shorter planning horizon are not possible. It is almost a certainty that looking at past trends will not give us a complete picture of the future, and that events that we do not currently anticipate will drive future conditions. In response to this uncertainty, five traffic scenarios have been developed for the Upper Mississippi River and Illinois Waterway. For agricultural products these five scenarios were formulated by changing key variables for the identified scenario drivers of world trade, crop area, crop yield and consumption. For other commodities, the existing forecast was updated to produce a single new traffic forecast.

A second source of uncertainty is the response of waterway traffic to any rise in prices caused by delays. Our current economic models do not capture the complexities of the domestic and international market conditions that drive the willingness to pay for river transportation. This is particularly true for exported corn and soybeans, which are the major commodities on this part of the inland waterways system. Recognizing that our existing economic models have limitations, we have used two different economic models to produce three different assumptions on the waterway transportation demand response to any increase in costs.

The Corps is seeking solutions that are justified over a wide range of traffic conditions and assumptions regarding demand elasticity. The Corps has proposed that such solutions be adaptively implemented in phases, if traffic conditions are such that the investments are economically justified.

Adaptive Implementation and Management

A plan for navigation efficiency on the UMR-IWW may include a combination of small-scale structural and non-structural measures as well as major structural improvements consisting of new locks and lock replacements. Small-scale measures and non-structural measures can be implemented inexpensively within a relatively short timeframe, while major structural measures are costly and take more time to implement.

One approach would be to pursue the early implementation of small scale, non-structural and structural measures, and allow time for the effectiveness of these non-structural measures to be evaluated. Meanwhile, traffic delays, domestic and global grain markets, and emerging trends would be monitored. Development of new economic models would continue under the Corps research program. Information and analysis from this monitoring and research could be made available to decision makers before proceeding further with major structural measures.

It is also difficult to predict the response of natural systems to ecosystem restoration measures. Furthermore, restoration of the ecological resources of the UMR-IWW will be a long-term undertaking. The initial activities therefore should include measures that will provide additional knowledge required to guide future investments. Management measures will be designed to test key hypotheses about the structure and function of the ecosystem. Future measures could then be adapted based on the knowledge gained in the initial implementation.

Independent Review

In response to a request by the Department of the Army, the National Research Council (NRC) conducted a review of the feasibility study concentrating on a review of the economic analysis, but also considered national water resources planning guidance, environmental impacts, and the costs of navigation improvements. The February 2001 NRC report contained a number of recommendations. The Corps adopted several of these recommendations in restructuring the navigation study and formulating the Corps research program. These included giving equal consideration to fish and wildlife resources, considering the ongoing effects of the existing Nine Foot Channel Project in formulating plans for ecosystem restoration, and initiating research on improved economic models for use in inland navigation studies. We have also contracted with the NRC to provide an independent review of the restructured feasibility study. A second NRC panel issued a preliminary report on the restructured feasibility study. This panel will issue a second, more comprehensive, report based on a review of the draft feasibility report and EIS, and a final report following the issuance of the Chief of Engineers Report. In addition to the NRC review, we have solicited the advice of outside experts in formulating the ecosystem restoration plans and adaptive management program, in formulating and reviewing the traffic scenarios, and in evaluating non-structural alternatives.

Status

On April 29, 2004, we completed a draft feasibility report and programmatic Environmental Impact Statement (EIS) that is currently undergoing a public review. Last week we completed a series of eight public meetings to solicit input on the draft report and EIS. The public review period will conclude at the end of July. The input from the public review and the NRC independent review will be considered in preparing the final report. It is our intention to ascertain the degree to which non-Federal sponsors will participate in cost-shared elements of the Plan. The final report will undergo a final public review and a review by the states and Federal Agencies.

The Chief of Engineers Report will be submitted to the Assistant Secretary of the Army (Civil Works) for review and determination of compatibility with the program of the President before transmittal to Congress. The draft feasibility report and EIS contain a preliminary proposal that needs to be understood in the context of the current stage of the study process. This proposal should be viewed as preliminary, pending the input from

agency, public, and independent review. It does not necessarily represent the views of the Administration, and will go through a review by the OMB under Executive Order No. 12322. We look forward to working with the Administration and Congress as this study moves forward.

This concludes my statement. Thank you again for allowing me to testify before you today and I would be happy to answer any of your questions.